

**House File 337 - Introduced**

HOUSE FILE 337  
BY SHEETS

**A BILL FOR**

1 An Act relating to public school funding by establishing a  
2 transportation equity program to provide prioritized funding  
3 for certain school districts based on average transportation  
4 costs per pupil, providing for adjustments to regular  
5 program state foundation aid amounts payable to school  
6 districts, and making appropriations.

7 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 257.7, subsection 1, Code 2017, is  
2 amended to read as follows:

3 1. *Budgets.* School districts are subject to [chapter 24](#).  
4 The authorized expenditures of a school district during a  
5 base year shall not exceed the lesser of the budget for that  
6 year certified under [section 24.17](#), including any adjustments  
7 required by sections 257.17A and 257.17B, plus any allowable  
8 amendments permitted in [this section](#), or the authorized budget,  
9 which is the sum of the combined district cost for that year,  
10 the actual miscellaneous income received for that year, and the  
11 actual unspent balance from the preceding year, including any  
12 adjustments required by sections 257.17A and 257.17B.

13 Sec. 2. NEW SECTION. **257.17A Transportation equity program**  
14 **— fund — appropriation.**

15 1. In response to the transportation costs per pupil  
16 inequity among school districts in this state, this section  
17 and section 257.17B establish a transportation equity program  
18 to provide prioritized funding for school districts based on  
19 each school district's average transportation costs per pupil  
20 by modifying the allocation of the total amount of foundation  
21 program aid growth among school districts using a methodology  
22 based upon the proportional amount that each school district's  
23 transportation costs per pupil exceed or are less than the  
24 average transportation costs per pupil.

25 2. *a.* For the budget year beginning July 1, 2018, and  
26 each succeeding budget year for which the state percent  
27 of growth is greater than zero, each school district shall  
28 receive transportation equity aid in an amount calculated by  
29 the department of management equal to the school district's  
30 budget enrollment multiplied by the school district's adjusted  
31 transportation equity amount for the budget year. The adjusted  
32 transportation equity amount for each school district is an  
33 amount equal to the state aid growth factor per pupil minus  
34 eighty percent of the district transportation equity factor.

35 *b.* For purposes of this section:

1 (1) *"Average transportation costs per pupil"* means the same  
2 as calculated for districts under section 257.31, subsection  
3 17.

4 (2) *"Base year state aid"* equals the product of eighty-seven  
5 and five-tenths percent of the state cost per pupil for the  
6 base year multiplied by the statewide budget enrollment for the  
7 base year, minus the statewide foundation property tax for the  
8 base year.

9 (3) *"Budget year state aid"* equals the product of  
10 eighty-seven and five-tenths percent of the state cost per  
11 pupil for the budget year multiplied by the statewide budget  
12 enrollment for the budget year, minus the statewide foundation  
13 property tax for the budget year.

14 (4) *"District average transportation costs per pupil"* means  
15 the same as calculated under section 257.31, subsection 17.

16 (5) *"District transportation costs per pupil differential"*  
17 means an amount equal to the state average transportation costs  
18 per pupil minus the district average transportation costs per  
19 pupil.

20 (6) *"District transportation equity factor"* means an amount  
21 equal to the product of the district transportation costs per  
22 pupil differential multiplied by the state aid growth factor  
23 per pupil then divided by the state transportation costs per  
24 pupil differential.

25 (7) *"State aid growth factor"* for a budget year is the  
26 budget year state aid amount minus the base year state aid  
27 amount, but not less than zero.

28 (8) *"State aid growth factor per pupil"* equals state aid  
29 growth factor divided by the statewide budget enrollment for  
30 the budget year.

31 (9) *"State average transportation costs per pupil"* means the  
32 same as calculated under section 257.31, subsection 17.

33 (10) *"State transportation costs per pupil differential"*  
34 means an amount equal to the difference between the state  
35 average transportation costs per pupil and the statewide

1 minimum transportation costs per pupil for the same budget  
2 year.

3 (11) *"Statewide minimum transportation costs per pupil"* means  
4 the lowest district average transportation costs per pupil  
5 among all school districts in the state.

6 3. a. A transportation equity fund is created as a separate  
7 and distinct fund in the state treasury under the control of  
8 the department of management. Moneys in the fund include  
9 revenues credited to the fund, appropriations made to the  
10 fund, and other moneys deposited in the fund. For each fiscal  
11 year beginning on or after July 1, 2018, there is appropriated  
12 all moneys in the fund to the department of management for  
13 purposes of making transportation equity aid payments under  
14 this section, as calculated under subsection 2.

15 b. For the budget year beginning July 1, 2018, and each  
16 succeeding budget year for which the state percent of growth is  
17 greater than zero, there is appropriated from the general fund  
18 of the state to the department of management to be credited to  
19 the transportation equity fund, an amount equal to the sum of  
20 the budget enrollments for all school districts in the state  
21 multiplied by the state aid growth factor per pupil for the  
22 budget year.

23 4. Transportation equity aid payments shall be paid by  
24 the department of management at the same time and in the same  
25 manner as foundation aid is paid under section 257.16.

26 5. Transportation equity aid payments received under this  
27 section are miscellaneous income and shall be deposited in the  
28 general fund of the school district. Transportation equity  
29 aid payments received under this section shall not affect the  
30 receipt of transportation assistance aid received under section  
31 257.31, subsection 17.

32 **Sec. 3. NEW SECTION. 257.17B Regular program state**  
33 **foundation aid reduction.**

34 1. For the budget year beginning July 1, 2018, and  
35 each succeeding budget year for which the state percent of

1 growth is greater than zero, the department of management  
2 shall, following the determination of the total amount of  
3 state foundation aid payable to each school district under  
4 section 257.16, subsection 1, and notwithstanding the minimum  
5 foundation aid provisions in section 257.1, subsection 2,  
6 reduce the total amount of regular program state foundation  
7 aid payable to each school district by an amount equal to the  
8 school district's budget enrollment multiplied by the state aid  
9 growth factor per pupil as defined in section 257.17A.

10 2. The department of management shall annually notify each  
11 school district of the amount of the reduction in regular  
12 program state foundation aid under this section. This section  
13 shall not result in the recalculation of other state aid  
14 amounts or the recalculation of any property tax levy rate for  
15 the budget year.

16 3. The department of management shall adopt rules necessary  
17 to implement this section, including rules that prescribe all  
18 necessary reporting requirements for school districts.

19 EXPLANATION

20 The inclusion of this explanation does not constitute agreement with  
21 the explanation's substance by the members of the general assembly.

22 This bill relates to public school funding by establishing  
23 a transportation equity program and requiring reductions to  
24 regular program state foundation aid amounts payable to school  
25 districts.

26 The bill establishes a transportation equity program  
27 to provide prioritized funding for school districts based  
28 on each school district's average transportation costs per  
29 pupil. For the budget year beginning July 1, 2018, and  
30 each succeeding budget year for which the state percent of  
31 growth is greater than zero, each qualified school district  
32 receives transportation equity aid in an amount equal to the  
33 school district's budget enrollment multiplied by the school  
34 district's adjusted transportation equity amount as calculated  
35 in the bill.

1 The bill creates a transportation equity fund under the  
2 control of the department of management. For the budget year  
3 beginning July 1, 2018, and each budget year thereafter, the  
4 appropriation is equal to the sum of the budget enrollments for  
5 all school districts in the state multiplied by the state aid  
6 growth factor per pupil for the budget year.

7 Transportation equity aid payments received under the bill  
8 are miscellaneous income and must be deposited in the general  
9 fund of the school district. Transportation equity aid does  
10 not affect the receipt or amount of transportation assistance  
11 aid received by a school district from the school budget review  
12 committee under Code section 257.31(17).

13 Under the bill, for budget years beginning on or after July  
14 1, 2018, for which the state percent of growth is greater than  
15 zero, the department of management is required to reduce the  
16 total amount of regular program state foundation aid payable  
17 to each school district under the school foundation funding  
18 formula. The amount of the reduction is equal to the school  
19 district's budget enrollment multiplied by the state aid growth  
20 factor per pupil as calculated in the bill.

21 The department of management is required to notify each  
22 school district annually of the amount of the reduction to  
23 regular program state foundation aid. The bill does not  
24 permit the recalculation of other state aid amounts or the  
25 recalculation of any property tax levy rate for the budget year  
26 following the reductions imposed under the bill.